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FOREST INDUSTRIES

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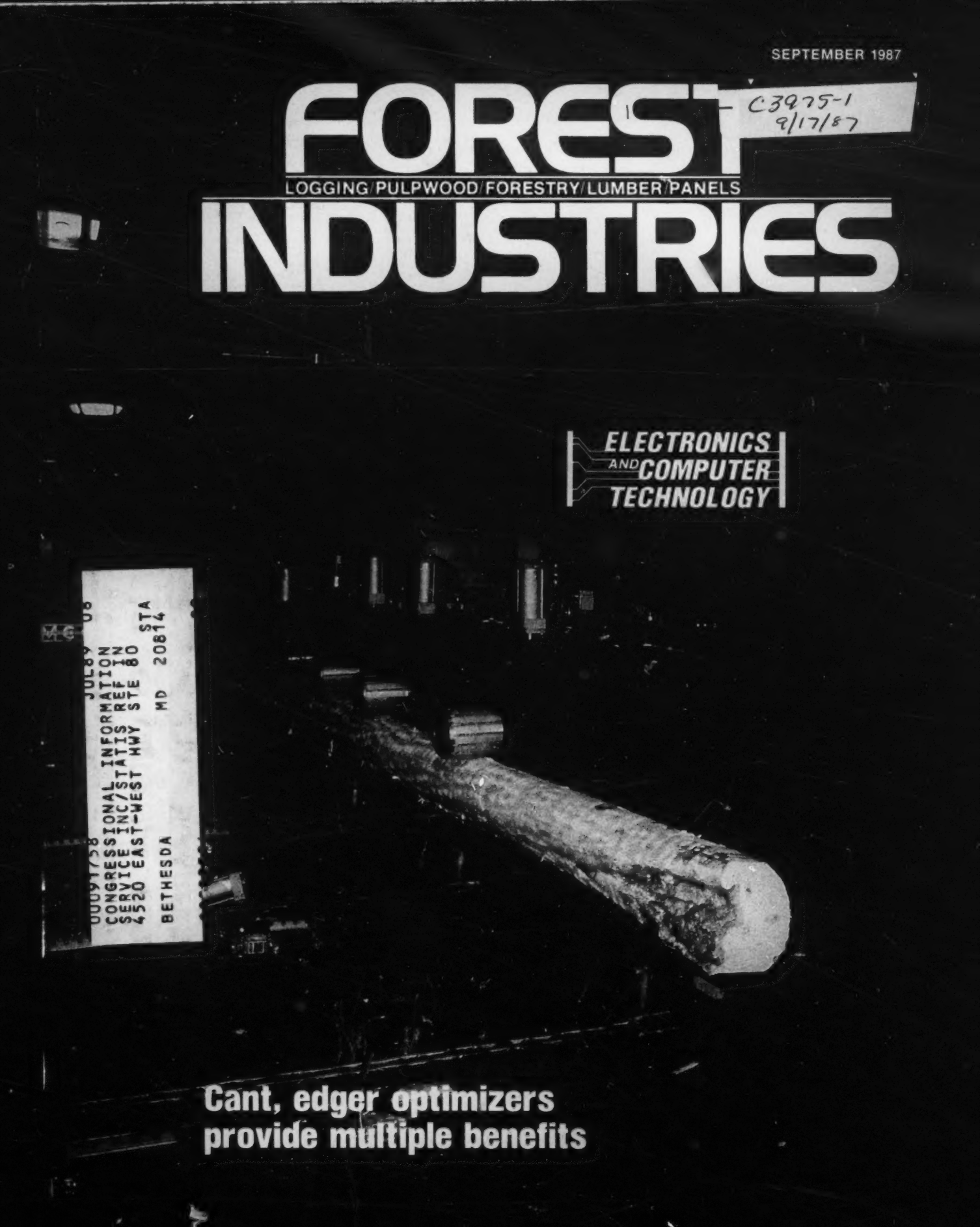
ELECTRONICS AND COMPUTER TECHNOLOGY



Cant, edger optimizers provide multiple benefits

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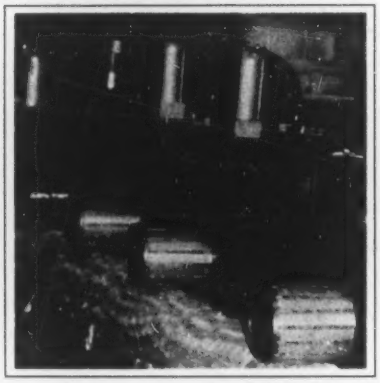

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Housing starts falling behind last year's pace

WASHINGTON, D.C.—Spiced by a 5.7% gain in single-family starts, housing in July eased upward 0.9% from the previous month to a seasonally adjusted annual rate of 1,611,000 units.

Actual starts are running behind last year: 986,200 for the first seven months, compared with 1,104,200 for the comparable period in 1986.

The Commerce Department revised the June rate of starts to 1,597,000 units. July's performance was 9.8% below the rate calculated for July 1986.

Building permits in July slipped 1.9% to a rate of 1,488,000 units, the lowest level since March 1983 and 16.3% below July 1986.

After a 3% fall in June, the rate for single-family units rose to an adjusted 1,159,000 in July. Starts for dwellings with two to four units plummeted 27.6% after rising 29.9% the month before; starts on larger multiple units rose 1.2% in June and dropped 6% in July. ■

Second-quarter figures up for most corporations

SAN FRANCISCO, CALIF.—The second quarter of 1987 produced good financial returns for major publicly held forest products corporations in North America. Integrated firms gave much of the credit for improved sales and earnings to the pulp and paper segment of the business. Solid wood held its own nicely, in a less spectacular fashion than was the case last year.

The accompanying table charts the gains most companies recorded for the second quarter as compared with the same period in 1986. Sales ranged from a negative 2.4% recorded by Potlatch Corp. to an improvement of 57.4% by Stone Container Corp., which acquired Southwest Forest Industries earlier this year.

Earnings were off a fraction of a percent for Champion International Corp., but percentage gains rose into the hundreds for numerous other firms.

On the solid-wood side of the business, most companies expressed satisfaction with second-quarter results.

Income from Boise Cascade Corp.'s building products segment was up modestly compared with the second quarter of 1986 and was substantially improved over first-quarter 1987 results. Wood products demand continues strong, noted chairman and CEO John B. Fery.

Building products enjoyed excellent demand at good price levels during the quarter, said Harry A. Merlo, Louisiana-Pacific Corp. chairman and president. "Most indicators point to a continuation of these strong markets which should lead to favorable third-quarter results as well," Merlo said.

Operating profits for Georgia-Pacific Corp.'s building products segment, at $144 million for the quarter, were down $2 million from last year's all-time record quarter. "For the first six months, however, operating profits rose to $263 million from $248 million in 1966," said chairman and CEO T. Marshall Hahn Jr. "This trend reflects Georgia-Pacific's reduced dependence on new-residential and construction markets. In addition, the acquisition of U.S. Plywood, which we completed in June, increases our access to higher-margin industrial markets," Hahn continued.

Second-quarter earnings for Potlatch Corp.'s wood products group were $6.5 million, a decline from $9.8 million for the comparable quarter last year. Chairman and CEO Richard B. Madden attributed the decline primarily to lower lumber production and expenses associated with shutdown and replacement of the Lewiston, Idaho, sawmill.

Temple-Inland Inc.'s building products group earned $10.7 million in the quarter, as opposed to $12.2 million in second-quarter 1986. This performance exceeded expectations, however.

Building materials showed usual seasonal strength, with lumber and particleboard strong performers for Willamette Industries Inc., said president and CEO William Swindells. ■

U.S., Canadian forest industry results second quarter 1987 ($ millions)

Company	Sales	% change 1987/86	Earnings[1]	% change 1987/86
Abitibi-Price	C756,400	7.8	C36,200	27.0
B.C. Forest Products	C344,100	6.1	C32,400	62.0
Boise Cascade	935,960	0.0	35,230	12.4
Canfor	C314,400	8.9	C26,600	137.5
Champion International	1,161,015	31.5	59,910[2]	- 0.1
Chesapeake	175,045	13.0	7,137[3]	140.0
Crown Forest Industries	C256,000	5.3	C22,800	117.1
Domtar	C657,000	14.5	C44,000	37.5
Donohue	C133,100	16.3	C10,000	138.1
Federal Paper Board	240,990	13.9	8,574[4]	13.9
Georgia-Pacific	2,095,000	8.6	111,000[5]	29.1
Great Lakes Forest Prods.	C183,150	11.3	C20,452	302.0
Great Northern Nekoosa	575,100	14.5	44,900[6]	n.m.
International Paper	1,910,000	55.3	90,000	18.4
Louisiana-Pacific	488,800	24.0	34,800[7]	42.0
MacMillan Bloedel	C806,800	15.5	C74,800	51.9
Pope & Talbot	106,288	39.6	7,211	99.0
Potlatch	243,918	- 2.4	22,317	14.9
Scott Paper	1,029,400	24.1	58,800	4.4
Stone Container	830,900	57.4	32,500	828.6
Temple-Inland	395,100	26.0	35,800	85.5
Union Camp	577,567	15.7	47,812	67.2
West Fraser Timber	C111,400	14.1	C11,900	19.0
Westvaco (4/31)	461,145	5.8	24,299	30.3
Weyerhaeuser	1,769,114	18.2	89,183	30.4
Willamette Industries	352,350	13.7	27,777	43.6

n.m.= not measurable. 1. Income after taxes, from continuing operations, excluding most significant nonrecurring items in both years. 2. 1987 quarter excludes $95.8-million net gain from sale of certain investments and reserve adjustment. 3. 1987 quarter includes $1,075,000 writeoff from plywood plant closing. 4. 1987 quarter excludes $8.3-million charge from early redemption of debentures. 5. 1987 quarter excludes $37-million net gain from sale of Georgia Gulf Corp., includes $6-million pretax gain from stock redemption. 6. 1986 quarter includes $21.2-million net charge for restructuring operations. 7. 1986 quarter includes $4-million pretax gain from sale of sawmill and investment writedowns.